

Tom Munson - Bawana Low Grade Ore Pile (S/001/0076)

From: "Ron Wunderlich" <ronw@scinternet.net>
To: "Tom Munson" <tommunson@utah.gov>
Date: 8/5/2010 8:04 AM
Subject: Bawana Low Grade Ore Pile (S/001/0076)

Tom:

On June 21, 2010, Brett Gregory performed an Inspection Report on the Bawana Low Grade Ore Pile area on your behalf. In his report, he is requesting that we reclaim the area due to the fact that we are in bankruptcy. Since we are still a functioning company under Chapter 11, we anticipate going forward with the project to include initiating exploration and testing on the Bawana and Sunrise ore bodies in the near future. These two ore bodies have been identified as the best possible choices to process through the mill since we struggled with the make-up of the ore from the Hidden Treasure mine. If and when the drilling and testing is completed, mining would be the next step in generating feed for the mill floatation process. When mining is being performed, we will need an area, specifically the current Bawana Low Grade area, to stockpile low grade ore in anticipation of a heap leach or vat leach operation to support an SXEW operation. The leaching operation is probably down the road a year to two away but stockpiling the ore would be a necessary portion of this operation.

Please keep in mind that we are fully aware of the current deficiencies in our current LMO and a couple of other disturbances that we discussed. At this time we are working on very little operating capital and waiting to present a plan to the Bankruptcy Court who will have a final say on whether this current operation goes forward under Chapter 11. It is expected that the decision will come within the next 30 days. If the BK judge accepts our plan, additional funding will become available and allow us to go forward and correct some of the current problems we are experiencing and hopefully get back to operating the mining and milling operations. Until we get through this period, I am requesting that you allow us to keep the Bawana Low Grade Pile NOI open.

Ron Wunderlich

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Div. of Oil, Gas & Mining